

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5478-02
Bill No.: Perfected HCS for HB 1655
Subject: Motor Vehicles; Transportation
Type: Original
Date: April 23, 2014

Bill Summary: This proposal exempts motorcyclists age 21 and older from wearing a helmet when operating a motorcycle or motortricycle and creates a special license plate for the Breast Cancer Foundation of the Ozarks.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	Less than \$100,000 to (Less than \$100,000)	Less than \$100,000	Less than \$100,000
Total Estimated Net Effect on General Revenue Fund	Less than \$100,000 to (Less than \$100,000)	Less than \$100,000	Less than \$100,000

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Highway Fund	Less than \$100,000	Less than \$100,000	Less than \$100,000
Total Estimated Net Effect on <u>Other</u> State Funds	Less than \$100,000	Less than \$100,000	Less than \$100,000

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 10 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Local Government	Less than \$100,000	Less than \$100,000	Less than \$100,000

FISCAL ANALYSIS

ASSUMPTION

§302.020 - Operation of motor vehicles

Officials at the **Department of Health and Senior Services (DHSS)** estimate that changing the helmet law to allow persons 21 years of age or older to operate or ride as a passenger on any motorcycle or motortricycles without a helmet could increase the number of brain-injured participants in the Adult Brain Injury Program. DHSS is unable to predict the number of participants this legislation would result in; however, the average cost per participant is \$5,600 per year. Participation in the program is subject to available funding, and without additional funding any potential new participants will likely be added to a waiting list. Currently, there are almost 200 Missourians on the Adult Brain Injury Program wait list, with a wait time of over two years before rehabilitation services are started through the program. Additional program participants may result in DHSS requesting additional funding for the program. Therefore, this legislation is expected to result in a zero to unknown fiscal impact.

Officials at the **Department of Mental Health (DMH)** assumed this bill proposes to remove the current state requirement for motorcyclists and riders 21 years of age and older to wear protective headgear. The Division of Developmental Disabilities (DD) eligibility provisions for Medicaid waived services require individuals to be less than 22 years old at the time their developmental disability is diagnosed. Under this legislation, persons age 21 who experience traumatic brain injury (TBI) as a result of a head injury sustained during a motorcycle accident while not wearing protective headgear could become eligible for waived services through the division. Additionally, individuals suffering from severe head injuries are at a greater risk of developing behavioral and/or drug and alcohol disorders, and may qualify for services through the Division of Behavioral Health. Concordantly, the fiscal impact of serving additional individuals who experience severe head injury resulting from not wearing protective headgear is an unknown cost.

Officials from the **Department of Social Services** reported that officials from the Department of Health and Senior Services (DHSS) and the Department of Mental Health (DMH) state that their response includes costs that are covered under their respective budgets. Therefore, only those medical costs that are in the Department of Social Services (DSS) budget are reported here.

The DHSS estimated there will be 20 additional head-injury cases each year if the helmet law is repealed for people age 21 and over. It is estimated that 2 of these cases will be uninsured and require initial hospital care and on-going medical expenses.

ASSUMPTION (continued)

The annual cost estimate is based on initial inpatient hospital charges and on-going medical costs. It is assumed the hospital will be reimbursed for the uninsured care by the MO HealthNet program.

The DHSS provided data regarding the initial hospital charges for un-helmeted and helmeted riders. In 2003, the average initial cost for an un-helmeted rider was \$66,850 and \$55,234 for a helmeted rider. The cost was \$11,616 per person higher for an injured un-helmeted rider than for a helmeted rider in 2003. This initial cost was inflated by 5.09% annually from 2003 to arrive at an estimate for 2015 through 2017. This inflationary factor is an average based on Healthcare Cost Review for Hospitals data from FY03 through FY '14. Therefore, the additional initial cost is estimated to be \$21,076 in FY '15.

The average annual cost for on-going medical costs is based on the first three months of FY14 (July 2013 through September 2013). Nursing facility, hospital, physician, dental, pharmacy, Medicare Part D co-pays, home health and rehab/specialty services are in the on-going cost calculation. The average annual on-going cost was inflated by 2.9%. The on-going cost per person for one full year is \$14,736 (\$1,228 x 12 months).

FY '15

Assume two un-helmeted individuals will be injured due to a motorcycle accident and be eligible or become eligible for MO HealthNet services. The initial hospitalization will be \$21,076 per person ($\$21,076 \times 2 = \$42,152$). The additional on-going medical costs will be \$14,736 per person for the year. Total annual cost to MHD is \$71,624. For fiscal note purposes, assume a 10-month cost of \$66,712 (\$24,620 GR).

FY '16

Assuming both FY15 injured people survive, the estimated cost for FY16 for these people will be a full year (12 month) on-going medical costs but will not include the initial hospitalization costs. In addition, there will be the initial hospitalization cost and additional on-going medical costs for the two new individuals estimated to be injured in FY16. Costs are inflated by 5.09% annually. Total cost is \$106,242 (\$39,209 GR).

FY '17

Assuming all FY15 and all FY16 injured people survive, the estimated cost for FY17 for these people will be a full year (12 month) on-going medical cost but will not include the initial hospitalization costs. In addition, there will be the initial hospitalization cost and additional on-going medical costs for the two new people estimated to be injured in FY 17. Costs are inflated by 5.09% annually. Total cost \$144,196 (\$53,216 GR).

ASSUMPTION (continued)

Oversight assumes some people 21 and over could choose not to wear protective headgear as a result of this proposal. Accordingly, there may be an increase in injuries or the severity of injuries to motorcyclists not wearing protective headgear which may **indirectly** result in increased costs to the state. Oversight assumes no **direct** fiscal impact to state and local governments from the protective headgear exemption.

Officials from the **Office of the State Courts Administrator, Department of Public Safety - Missouri Highway Patrol** and the **Department of Revenue** each assume the proposal will have no fiscal impact on their respective organizations.

Amendment 1 - §301.3083 - Breast Cancer Foundation of the Ozarks special license plate

Officials from the **Joint Committee on Administrative Rules (JCAR)** stated this proposed legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

According to officials from the **Office of Secretary of State (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than \$2,500. SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what their office can sustain with their core budget. Therefore, SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal with core funding. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials from the **Department of Corrections** and the **Department of Transportation** assume no fiscal impact associated with this amendment.

ASSUMPTION (continued)

Oversight has made the following assumptions regarding fiscal impact, based on the **Department of Revenue (DOR)** response to similar legislation regarding special license plates (HCS for SB 600):

Administrative Impact

The following procedures will need to be implemented for the changes in this proposal:

- Procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours at a cost of \$840 in FY 2015.
- The Application for Personalized and Special License Plates (DOR-1716) will need to be revised to include a new plate type. This will require 40 hours for a Management Analyst Specialist I, at a cost of \$840 in FY 2015.
- The DOR web site will need to be updated to include the new plate type. This will require 10 hours of overtime for an Administrative Analyst III, at a cost of \$230 in FY 2015.
- DOR would incur 20 overtime hours for a Revenue Processing Tech II to work with military personnel on the design of the plate and finalizing the design at a cost of \$450 in FY 2015.

Oversight assumes at least some of these expenses could be absorbed by DOR.

Set-up, Mailing & Plate Manufacturing Cost:

Set-up:

The printing of flat plates has changed from Irwin Hodson to Missouri Vocational Enterprises (MVE); as a result, the cost for the set-up of a new specialty plate has changed from previous years.

The Department is charged \$215 for the initial set-up of a new specialty plate for passenger, truck, RV, disabled and motorcycle plates. This is a one-time fee that will be charged upon passage of this bill in FY 2015.

ASSUMPTION (continued)

Plate manufacturing cost:

- DOR pays \$3.50 per plate, \$7 per set of plates, for manufacturing flat plates through MVE.

Mailing:

- It currently costs DOR, on average, \$5.55 to ship a box of 10 sets of plates to license offices once they have completed the manufacturing process through MVE.

DOR notes that \$5.55 is an average cost, as the cost may decrease or increase based on the weight of the package, the area to which it is being sent, and how many boxes are being sent at one time.

DOR would also incur an additional postage cost for mailing notifications to those applicants notifying them their plates are ready for pickup at the respective license office. Postage costs included envelopes (\$0.04), notices (\$0.025), and postage (\$0.45) per notification.

Since it is unknown how many applications will be received for this plate, **Oversight** will estimate an increase in revenue of “Less than \$100,000”. Oversight will also estimate a cost to the General Revenue and to the Highway Fund of “(Less than \$100,000)”. For fiscal years 2016 and 2017, Oversight assumes the revenue into the General Revenue Fund will at least cover the estimated costs from the proposal, resulting in a positive “Less than \$100,000” estimated net effect to the General Revenue Fund. For FY 2015, Oversight assumes the start-up costs incurred by DOR might exceed the specialty plate fee revenue if the response to the proposal is less than expected. Therefore, Oversight will range the fiscal impact in FY 2015 from a net cost of under \$100,000 to a net gain of under \$100,000.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
GENERAL REVENUE			
Revenue - Department of Revenue (DOR) - Specialty plate fees (§301.3083)	Less than \$100,000	Less than \$100,000	Less than \$100,000
<u>Cost</u> - DOR - Processing costs for specialty plates (§301.3083)	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>Less than</u> <u>\$100,000 to</u> <u>(Less than</u> <u>\$100,000)</u>	<u>Less than</u> <u>\$100,000</u>	<u>Less than</u> <u>\$100,000</u>
HIGHWAY FUND			
<u>Income</u> - Specialty plate fees (§301.3083)	Less than \$100,000	Less than \$100,000	Less than \$100,000
ESTIMATED NET EFFECT ON HIGHWAY FUND	<u>Less than</u> <u>\$100,000</u>	<u>Less than</u> <u>\$100,000</u>	<u>Less than</u> <u>\$100,000</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
LOCAL POLITICAL SUBDIVISIONS			
<u>Income</u> - Cities and Counties - Specialty plate fees (§301.3083)	Less than \$100,000	Less than \$100,000	Less than \$100,000
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>Less than</u> <u>\$100,000</u>	<u>Less than</u> <u>\$100,000</u>	<u>Less than</u> <u>\$100,000</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

Amendment 1 - §301.3083 - Breast Cancer Foundation of the Ozarks special license plate

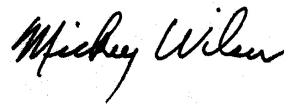
This amendment creates the Breast Cancer Foundation of the Ozarks special license plate.

This legislation is not federal mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Mental Health
Joint Committee on Administrative Rules
Office of Secretary of State
 Administrative Rules Division
Department of Public Safety
 Missouri State Highway Patrol
Office of the State Courts Administrator
Department of Revenue
Department of Social Services
Department of Corrections
Department of Corrections

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